

## CHAPTER 774

## H.B. No. 1582

## AN ACT

relating to policies and audits of certain water districts and authorities.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 50.381, Water Code, is amended to read as follows:

Sec. 50.381. *POLICIES AND AUDITS OF DISTRICTS.* (a) *Subject to the law governing the district, the governing board of each district shall adopt the following in writing:*

(1) *a code of ethics for district directors, officers, employees, and persons who are engaged in handling investments for the district;*

(2) *a policy relating to travel expenditures;*

(3) *a policy relating to district investments that ensures that:*

(A) *purchases and sales of investments are initiated by authorized individuals, conform to investment objectives and regulations, and are properly documented and approved; and*

(B) *periodic review is made of district investments to evaluate investment performance and security;*

(4) *policies and procedures for selection, monitoring, or review and evaluation of professional services;*

(5) *a uniform method of accounting and reporting for industrial development bonds and pollution control bonds that complies with requirements of the state auditor; and*

(6) *policies that ensure a better use of management information including:*

(A) *budgets for use in planning and controlling cost;*

(B) *a functioning audit committee of the governing board; and*

(C) *uniform reporting requirements that use "Audits of State and Local Governmental Units" as a guide on audit working papers and that uses "Governmental Accounting and Financial Reporting Standards."*

(b) *In addition to other requirements of this subchapter, each district shall file with the state auditor its annual audit for review and comment. Any comments of the state auditor relating to a district's audit shall be filed with the Legislative Audit Committee and the governing board of the district. If a river authority elects to have the state auditor audit the authority under Sections 50.371(d) and (e) of this code, the authority is not required to comply with this subsection.*

(c) *The state auditor may audit the financial transactions of any district if the state auditor determines that the audit is necessary. ~~[RIVER AUTHORITIES AND CERTAIN DISTRICTS: AUDIT. (a) The State Auditor shall audit, on a regular basis, the financial transactions of the river authorities and districts listed in Subsection (b) of~~*

~~this section. The State Auditor shall determine the times at which the audits shall be conducted.~~

~~[(b) The river authorities and districts subject to this section are:~~

- ~~[(1) the Angelina and Neches River Authority;~~
- ~~[(2) the Bandera County River Authority;~~
- ~~[(3) the Brazos River Authority;~~
- ~~[(4) the Central Colorado River Authority;~~
- ~~[(5) the Guadalupe Blanco River Authority;~~
- ~~[(6) the Kimble County River Authority;~~
- ~~[(7) the Lavaca-Navidad River Authority;~~
- ~~[(8) the Lower Colorado River Authority;~~
- ~~[(9) the Mason County River Authority;~~
- ~~[(10) the Nueces River Authority;~~
- ~~[(11) the Palo Duro River Authority;~~
- ~~[(12) the Red River Authority of Texas;~~
- ~~[(13) the Sabine River Authority;~~
- ~~[(14) the San Antonio River Authority;~~
- ~~[(15) the San Jacinto River Authority;~~
- ~~[(16) the Trinity River Authority of Texas;~~
- ~~[(17) the Upper Colorado River Authority;~~
- ~~[(18) the Upper Guadalupe River Authority;~~
- ~~[(19) the Lower Neches Valley Authority;~~
- ~~[(20) the Colorado River Municipal Water District;~~
- ~~[(21) the North Texas Municipal Water District;~~
- ~~[(22) the Tarrant County Water Control and Improvement District No. 1; and~~
- ~~[(23) the Gulf Coast Waste Disposal Authority.~~

~~[(c) The audit shall be conducted in the manner provided by law for audit of the state government.~~

~~[(d) The river authority or district shall reimburse the State Auditor for the actual cost incurred in conducting an audit of the authority or district under this section. The State Auditor shall bill the river authority or district for this amount on approval of the Legislative Audit Committee. Money received as reimbursement shall be deposited in the General Revenue Fund.]~~

SECTION 2. This Act takes effect September 1, 1987.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 30, 1987, by a non-record vote. Passed by the Senate on May 29, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 20, 1987.

Effective Sept. 1, 1987.